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BRIEF [SJ

to the

ROYAL COMMISSION ON BOOK PUBLISHING

SUBMITTED BY:

THE HOUSE OF ANANSI PRESS

APRIL 15, 1971



SUMMARY

Part One

Anansi is representative of a number of new publishing houses in English Canada. A profile and history of Anansi suggest that such houses, if they begin to succeed, are bound to face capital problems which they cannot solve on their own.

We recommend that the Province of Ontario participate in the establishment of a Publishing Development Board, or establish such a board itself if need be. The Board would be mandated to lend, invest and grant money in support of publishing. We also recommend that the Province establish an immediate line of credit for worthwhile publishing houses that are capital-starved.

Part Two

Despite rather startling signs of health in English Canadian trade publishing, the more risky forms of publishing for the general public are likely to decline seriously in the next few years.

Furthermore, trade publishing here is underdeveloped in comparison with other countries'. The major reason is the refusal of all but a few foreign-owned firms to accept their traditional responsibilities.

We recommend that the Province purchase copies of the best trade books published each year in Ontario, and deposit them in provincial libraries. We also recommend that a Publishing Development Board assist Canadian publishers to become competitive in the fields of subsidiary rights and international sales.

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PART ONE. FACTS, FIGURES AND OPERATING CAPITAL.

No two publishing houses are alike, but most Canadian-owned houses have at least one thing in common—they need operating capital. In the last six years, about a dozen new houses have been started to serve the intelligent general public in Canada. An anatomy of one might illuminate their need for operating capital, since they have a number of achievements and problems in common.

Publishing Profile

The House of Anansi was formed in the spring of 1967. Since then we have published 24 books of poetry, 17 books of fiction, and 10 books of social comment — a total of 51. Twelve of these books have been reprinted a total of 22 times.

Thirty-four of our titles were the author's first book. They include four anthologies of new poets, which together presented 50 poets in book form for the first time. In the past year, we have lessened our emphasis on new authors as we received more second and third books, and as our capital mobility diminished.

In our second and third years of operation, we published up to 15 books a year and up to 8 reprints. In 1971 we have had to reduce new titles to 8 (from a planned 27), due to the squeeze on our operating capital.

When we began, we had first printings of 1,000 copies of most literary books. We gradually ran that up to about 4,000 copies, which we expect to reduce on our next list for reasons given below.

In the early days of the Republic, the United States was a young nation, full of energy and ambition. The people were determined to build a great country, and they did so with a spirit of enterprise and courage. The government was founded on the principles of liberty and justice for all, and it has since been the source of strength and inspiration for the world.

THE HISTORY OF THE UNITED STATES OF AMERICA

The history of the United States is a story of growth and progress. From the first settlers to the present day, the country has overcome many challenges and has emerged as a global superpower. The people have shown a remarkable ability to adapt to change and to work together for the common good. The government has played a vital role in shaping the nation's destiny, and it continues to do so today.

THE HISTORY OF THE UNITED STATES OF AMERICA

The history of the United States is a story of hope and dreams. It is a story of a people who have built a great nation on the foundation of freedom and justice. The future of the country is bright, and the people are confident that they will continue to make a positive contribution to the world.

One of our books, Ruby and Copeland's LAW LAW LAW, has sold some 22,000 copies. The MANUAL FOR DRAFT-AGE IMMIGRANTS TO CANADA has sold over 60,000 copies, but fewer than 10,000 were sold through Anansi. Apart from these two, our best-selling titles (five in all) have sold about 5,000 copies each. Other books sell between one and three thousand copies.

The majority of these books sell in a 'quality-paperback' format, at prices ranging from 95¢ (LAW) to \$1.95 or \$2.50.

Our cloth editions sell for about \$6.00, largely to libraries. Cloth and paper are normally issued simultaneously. If our cloth sales break 300 copies, we are doing unusually well.

Distribution

We distribute coast to coast, though close to 50% of our sales come in Toronto.

Until January of this year we sold outside Toronto by mailing about 3,000 catalogues twice a year. Within Toronto we visited bookstores up to once a week.

Since January we have been represented by four regional salesmen (British Columbia, Winnipeg, southern Ontario, Montreal), several of whom represent five or six independent or large Canadian publishers in their area. These regional salesmen are important to us for their contacts with libraries and jobbers, and their ability to secure re-orders.

Financing

Anansi began with capital of \$2,500, and carried an additional bank loan of \$2,500 for several years. For our first three years we occupied a single basement room, which rented for \$40 a month, and had a staff of four, two of whom were paid.

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A further \$4,000 was loaned in 1969. At present we have no bank loan outstanding, and the other loan was converted into shares when we incorporated.

We have had considerable assistance from the Canada Council—a series of subsidies to individual books, averaging perhaps \$600 and totalling \$4,000 or \$5,000 a year. (We have recently argued, with other publishers, that these grants should be raised to reflect the realities of overhead costs. There are some indications that the argument has been heard.) We have also had two grants for author support from the Province of Ontario Council for the Arts, some part of which defrayed royalty expenses.

In 1969, Anansi was incorporated as a private, profit-making corporation. A good deal of capital was injected in the form of share purchases; it amounted to about one-third of our operating-capital needs. We do not, at present, have a source for the remainder.

Apart from these funds, the growth of Anansi has been financed by the sale of books to readers. Where it has been necessary, much of the subsidy of our books has come from Anansi staff, who have accepted salaries, hours and working conditions which do not compare favourably with what they might find elsewhere.

Current Gross

A publisher's 'gross sales' are the total amount he bills bookstores, libraries, etc, less the credit notes he issues for books returned. Our gross sales for 1969 were \$33,000. In 1970 they were \$51,000. The rapid rate of growth during our fourth year can be seen even more dramatically if we compare the 12-month gross as of March 31, 1970 and as of March 31, 1971.

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12-month gross on March 31, 1970: \$33,774^{*}
12-month gross on March 31, 1971: \$70,704.

This represents a growth of 202% in one year.

Cost of Growth

Taken with other things, this indicates a powerful desire on the part of Canadians to read indigenous books. It also signals the shift from a cottage industry to a small business, and—since it is probably a typical pattern for new houses which do not choose to remain in the basement—it explains why there are so many capital problems among the smaller houses.

This can be more clearly specified by looking at our overhead figures for 1970. In June of that year, our sales volume, accounting work, manuscript reading, etc, had become so onerous that we could no longer continue as we had been operating. This was the result:

Overhead: first six months, 1970—\$ 8,000 per annum
last six months, 1970 —\$39,000 per annum

This is a leap in overhead of almost 500%. So far as we can tell, it included no frills.

Its effect was to create an estimated loss of \$20,000—\$30,000 in our 1970 operation. (A full statement will be available shortly.)

This compares with a loss of \$1750 in the last seven months of 1969, the period following our incorporation.

Projections

When the seriousness of our operating-capital problems became apparent last fall, we reduced salaries and cut back our projected 1971 list from 27 books to 8. For 1972, we planned to publish 12 books.

* Figures up to January 31, 1970 have been checked but not audited by our accountants. Figures thereafter are presently being checked by our accountants.

Using a conservative interpretation of the sales curve we were on, we projected the following capital needs (including interest):

1971:	\$30,000
1972:	\$20,000
1973:	<u>\$25,000</u>
	\$75,000

The same projections showed us catching up with the higher overhead and beginning to break even again at the end of 1972, and able in principle to begin repaying the money at the end of 1975.

Since making these projections in the late fall, we have had several new developments:

- * A fire in our warehouse reduced our net assets, by an amount which we still have not been able to fix precisely. Because of the considerable assistance we received, however, it seems that we will be able to absorb the loss without being crippled.
- * On the other hand, our sales have increased much more steeply than we projected (see 'Current Gross' above). If the present trend continued, we would be breaking even early in 1972.
- * Our printer is developing a method of teaming short runs of books from various publishers, at appreciably lower production costs than normally apply with runs of 1,000 or so. If this matures, we could reduce our operating-capital needs by printing books in six-month supply. Our reprints would already be financed by the time they became necessary, and there would never be as large an initial outlay as at present. We don't have a clear picture yet of how this will affect our capital needs, beyond expecting that it will reduce them.

Operating Capital

Generalizing from our experience, the need for operating capital in smaller houses is created by these things:

- (a) During the changeover from cottage industry to small business, the additional overhead expenses occur before sales have risen enough to cover them.
- (b) A dynamic publishing house will want to publish more books each year, most of which must be paid for before enough are sold to cover costs.
- (c) As a house grows, the cost of keeping the backlist in print grows.

House of Anansi is an extreme case, in that we publish many books which have little chance of commercial success, and sell them at the relatively low prices which our readership can afford. Yet even Anansi, with the continuing book-by-book support of the Canada Council, looks as though it can eventually break even.

But we cannot do so without operating capital. We would probably be out of business by now if capital had not been generously supplied from a private source. And our ability to continue even on an austerity basis—to say nothing of undertaking the dozens of books and projects which interest us enormously but which we cannot touch at present—will be in jeopardy if we cannot find more capital, at rates we can afford.

RECOMMENDATIONS

- (1) That the Province of Ontario co-operate with the federal government in establishing an agency mandated to lend, invest and grant money in support of publishing; or that the Province establish such an agency on its own, if the federal government cannot be persuaded to take part.
- (2) That the Province provide a line of credit, at low interest rates, for worthwhile Canadian houses that need to borrow capital immediately.

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PART TWO. TRADE PUBLISHING IN ENGLISH CANADA

The problem of operating capital is the largest single difficulty facing most Canadian-owned houses. Moving beyond it, one encounters a series of more specialised problems. We find it difficult to assess which are problems that cannot be solved, which could be solved by publishers' action, and which require government action.

We propose to set out one large problem in the field of trade publishing, and to suggest a solution.

Trade or general publishing includes all the books one can find in a general bookstore. It takes in literature, biography, popular history, how-to books, children's books, social criticism. etc. The quality of trade publishing in a country is one index of that country's health.

From one point of view, English Canadian trade publishing is in surprisingly good shape. Many worthwhile books are being brought out, and they sell in quantities which compare very favourably with those in England or the United States: although our English-speaking population is only one-third and one-fourteenth of theirs respectively, sales of a first edition here are seldom less than one-half of sales for a comparable book in the other two countries, and often enough reach the same absolute figure.

From another point of view, trade publishing is in very rocky shape in English Canada. To begin with, the absolute quantities involved are usually so low in all three countries that many worthwhile books

lose money when they are first published. Furthermore, the cost of promoting and distributing books in English Canada is disproportionately high, because of our geography and our status as a cultural satellite of the United States. And we largely lack the subsidiary revenue—through serialization, films, paperback sales—which make hardback trade publishing a viable loss-leader in other countries.

The situation is made even trickier because the two chief props of English Canadian trade publishing—educational publishing and agency selling—are both in trouble. Since they have long supported trade programmes at many publishing houses, their decline is bound to affect the trade area.

It is realistic to expect, therefore, that all the riskier forms of trade publishing will decrease in the next few years. At the very least, it is unlikely that ^{they} ~~ix~~ will keep pace with the rapidly growing interest shown by English Canadian readers in books that grow out of their own lives and concerns. Given our various national dilemmas, this will be a very serious failure.

If the future of higher-risk trade publishing looks bleak, an even more troubling light is thrown on its present state by an examination of the performance of foreign-owned houses. The statistics which follow are narrowly based, and cannot do more than suggest a pattern. But if the pattern is anywhere near accurate, we have to conclude that all but a few foreign publishers are using Canada exclusively as a place to make a dollar as quickly as possibly, and are failing to live up to any of the broader responsibilities which publishers traditionally accept.

The Ernst & Ernst Report studies (among other things) the gross of Canadian publishers in 1969. The "Letters in Canada" section of the University of Toronto Quarterly (July, 1970) lists the new Canadian titles for 1969. Using these two sources, we can draw comparisons between the gross and the trade programmes of publishers owned in Canada, England, and the United States.

Publishers' Gross

In 1969, an "estimated \$222.0 million of books (at publishers' sale value) were consumed by Canadians." (Ernst & Ernst, page 1) Of this total, \$192 million was accounted for by English-Canadian publishers (18).

The report appears to give differing accounts of who grossed what. One such account is the following: "If pure publishing activity is considered the Canadian, United States, United Kingdom ratio is calculated to be 19-59-22. Over 80% of publishing done in (English) Canada is done by foreign controlled firms." (36)

A sensible definition of a Canadian publisher might be one which is owned in Canada and has at least a minimal list of Canadian books. Using that criterion, we suspect that the 19% figure for the Canadian gross is high (many agencies which do nothing but import foreign books are owned in Canada). However, although these figures probably maximise the gross of the Canadian firms unrealistically, let us adopt them. They yield the following figures:

	<u>Dollar Gross</u>	<u>Per Cent</u>
American-owned firms	\$113,280,000	59%
British-owned firms	\$ 42,240,000	22%
Canadian-owned firms	\$ 36,480,000	19%

Trade Publishing

The UTQ listings are not exhaustive: we found, for example, that three of our own 1969 poetry books were not included. But we have used its data unemended. Since most of the omissions are likely to be from the lists of small publishers, which are exclusively Canadian, these figures probably present the foreign publishers' percentages in an unrealistically favourable light.

On the other hand, we have drawn our figures only from the first two sections of "Letters in Canada"—those dealing with poetry and fiction. These are the suicide sectors of trade publishing, and it is possible that foreign-owned houses perform better in the areas where the risk is not so high.

The 'selective breakdown' in each category notes the highlights; percentiles do not total 100.

NEW ENGLISH-CANADIAN FICTION TITLES PUBLISHED IN 1969

23 new books were released in 1969.

	<u>Number of titles</u>	<u>% of all titles</u>	<u>% of 1969 gr</u>
American-owned houses	0	0	59%
British-owned houses	3	13%	22%
Canadian-owned houses	20	87%	19%

Selective Breakdown

American	0	0	59%
Macmillan	3	13%	
All other British	0	0	
Anansi	7	29%	.018%
McClelland & Stewart	6	25%	
Clarke Irwin	4	16%	

NEW ENGLISH-CANADIAN POETRY BOOKS PUBLISHED IN 1969

44 new titles are listed. They include both chap-books and full-length books.

	<u>Number of titles</u>	<u>% of all titles</u>	<u>% of 1969 total</u>
American-owned houses	1*	2%	59%
British-owned houses	4	9%	22%
Canadian-owned houses	39	88%	19%

Selective Breakdown

American-owned houses	1*	2%	59%
Macmillan	2	4.5%	
Oxford	2	4.5%	
All other British	0	0	
Maclelland & Stewart	6	14%	
All new or 'independent' Canadian houses	(23)	52%	

* This title was apparently released by a vanity press in New York.

In 1969, Canadian houses with one-fifth of the total gross published 20 new fiction titles. A simple-minded person might expect that there would therefore be 100 new fiction titles in 1969.

Why were there only 23? Because all the American houses—with a combined gross of \$113 million—apparently did not see fit to publish a single novel or book of short stories by a Canadian; and because all the British publishers but Macmillan followed suit.

That this expectation is not unrealistic is demonstrated by recent research at New Press. They report that in 1969 there were 600 new fiction titles published in Britain, and 1,000 in the United States. On the basis of relative anglophone populations, we should have published 70 new novels to keep pace with America, and 200 to keep pace with the United Kingdom. This means that the Canadian-owned houses,

publishing fiction titles at the rate of 100 a year, did better than their counterparts in the States but less well than those in Britain. Generally speaking, the shortfall is not due to them.

The Canadian public is being shoddily served in the area of trade books; a remarkably small number of indigenous titles get published. After noting that Macmillan and Oxford are honourably out of step with their colleagues, we have to say that the chief reason is the abysmal failure of foreign-owned publishers to accept their responsibilities. Their chief responsibility is to risk, on talented Canadian writers, a few of the millions of dollars they have grossed teaching Canadian school-children to venerate Abraham Lincoln. This they have not done.

RECOMMENDATIONS

- (1) That the Province of Ontario institute a scheme for purchasing several thousand copies of the best trade books published each year in Ontario, and deposit them in public and school libraries across the province. This would rationalise the economics of publishing these books, find them more readers, and act as an incentive to all publishers.
- (2) We are convinced that the Canadian publishers now on the scene can out-publish IBM, Xerox, RCA Victor and our other distinguished visitors when it comes to Canadian books. And in any case, if the foreign-owned firms begin to recognise the resentment which their behaviour is causing, the most likely result will be a spate of tokenism—one or two new Canadian titles a year from firms grossing three, six, ten million dollars.

But it remains true that these firms have more capital for long-range projects, and authors' advances, and usually have better contacts for foreign publication, paperback rights, etc. In the unlikely event that any of them discover that Canadian writers are as talented (and sometimes as saleable) as their counterparts elsewhere, they will have the advantage of their head offices' muscle power.

If and when a Publishing Development Board is created, it should be empowered to help Canadian houses compete, by international standards, with foreign houses which come into trade publishing late and grudgingly, but well-heeled. This would mean taking a hard look at the mass paperback industry in Canada; it could mean helping develop a consortium for foreign sales.

APPENDIX

The notes which follow were prepared for the conference on publishing which the Secretary of State convened recently in Ottawa. They are somewhat scrambled and informal, since they were our first essay at much of the material. We include them here because they go into considerably more detail about several of the recommendations in this brief.

Anansi

These notes are an attempt to get beyond the description of publishers' problems, and into the mechanics of conceivable solutions. In their detail they refer to trade or general publishing in English Canada.

A FUNDING AGENCY

It looks as though some kind of funding agency is needed. Leaving aside the philosophical justification for its existence, and leaving aside most questions of structure, it is worthwhile trying to say what it might do and how. I find the question easiest to attack by asking first, what kind of assurances the agency would ask for in making money available. This determines three 'general uses' for its money.

General Uses

1. The agency lends money with the assurance that it will get it back, preferably soon and with good interest. It then re-circulates this money. For this use, little more than quantitative criteria need to be applied.
2. The agency lends (or occasionally grants) money for the purpose of strengthening the whole situation within which writers, publishers and readers operate. This will often but not always mean that publishers are the immediate recipients. Ideally it gets all its money back, as quickly as possible and with interest if possible; but it puts the 'strengthening' effect ahead of the financial return, and is willing to drop at least part of its investment. For this use criteria have to be a mixture of quantitative and qualitative, since it is better to lose money on a project which will strengthen our literate culture than on one which will not; and better to lose it on a worthwhile project than on a worthless one.
3. The agency helps to fund writing/publishing/reading projects which will furnish conspicuous examples of Canadian excellence, without the assurance that any of its money will return. The justification would be that a given project was intrinsically worthwhile by its quality and/or general interest; and further that by giving Canadians greater reason for pride in their writers, or by winning them acceptance abroad, the project might help other things to pay their own way later.

Each of these general uses is important. What is important is to sort out their relative priorities (the CFDC might be less embattled, and more functional, if it had done so clearly from the beginning). My own feeling is that (2) is the most important.

One might go so far as to devise a model breakdown of the agency's budget. Leaving

administrative costs aside, the agency might divide its funds between uses 1-2-3 on a rough ratio of 30-50-20.

The next problem is to anticipate the specific uses for which applications might be made. In practice they might be sorted into general uses 1, 2 and 3, and after that sorting was done the applications within each 'use' would be assessed by criteria relevant to that use.

Specific Uses

- 1/ Long-term loans for operating capital. These would be used to consolidate debts, finance expansion, or simply to keep on an even financial keel.
- 2/ For research and development, particularly to back up educational publishing. Loans or grants in this area could go to individual publishers, consortia, or neutral agencies which would make their findings available to all publishers.
- 3/ To finance the reprinting of specific titles on a publisher's backlist, where loans under (1) were not available or not sufficient.
- 4/ As seed- or loan-money to support co-operative ventures by publishers (exports, shared promotion or marketing, translation agencies, support of trade organisations).
- 5/ Loans or grants to book-oriented projects (a national book review, a seminar on publishing for a group of native people, etc).
- 6/ Grants to assist very costly money-losing books which come under the Canada Council's mandate, or other important but money-losing projects (the Dictionary of Canadian biography; a series of art books; a translation series).
- 7/ Continuation of Canada Council grants for individual artistic books which will probably not make money.

If these were recognised as legitimate things to fund, and if the principle of sorting them into low-risk, high-risk and utter-risk funding was accepted, the next problem is to decide what criteria would be applied within each general use category.

Before proceeding to that, one point cries out to be made. Legislation covering all this cannot be drawn up overnight. Item one (loans for operating capital) must be broken off from the others and implemented immediately — yesterday if possible — or the whole exercise will be a sad anti-climax to the history of English-Canadian publishing.

Criteria

Items 1/ and 3/ above come under general use (1), as might specific proposals falling elsewhere. Within the general spirit of the whole project, many applications would be made which could be approved on straightforward financial grounds — provided that it is recognised from the outset that the financial

realities of publishing are different from those that apply in most other fields where objects are manufactured. The criteria of the IDB or the banks would have to be scrapped, and sober criteria developed from within our publishing situation; they would have to include inventory and dynamism as assets.

For general-use categories (2) and (3) — where money was being risked in the knowledge that some of it might not come back, or where it was effectively a subsidy — it is not fruitful to set down criteria here. What is important is that a mixture of practicality, sophistication, and an eye for [REDACTED] excellence be applied. This depends on the people involved, provided that they have a sane and flexible mandate.

There are several principles that can be worked out in this area, however. The first would be used when applications are made for the support of individual publishing houses, and the applications seem to have roughly equal merit. In that case there should be a descending scale of priorities, as follows. The reasons for this scale are clear from the later section, "Canadian Publishing in 1969."

Priorities Among Publishers

'Equal' applications for loans or grants to individual publishing houses should be sorted into this descending scale of priorities:

- 1) Canadian-owned houses that have already demonstrated competence and achievement, and have already made serious contributions to Canadian writers, readers (and students, where relevant).
- 2) Foreign-owned houses that fulfil these criteria.
- 3) Canadian-owned houses that are competent, and propose to begin making serious contributions to Canadian writers, readers (and students).
- 4) Foreign-owned houses that fulfil the criteria in 3).

This scale raises another question immediately.

What Is a Canadian-Owned House?

The new, still-unbaptized trade association of Canadian-owned houses spent a good deal of time on the question. In its draft constitution, it decides that a Canadian-owned house is one which:

- a) has its chief office of business in Canada
- b) has its effective editorial, managerial and financial control in the hands of persons whose permanent legal residence is in Canada, and its ownership substantially in the hands of persons of Canadian domicile
- c) has made an important part of its business function the publishing of original Canadian books.

The association recognised the presence of such ambiguous words as 'effective,' 'substantial' and 'important', but considered that they could be interpreted responsibly and in good faith.

Stimulating Trade Publishing

The long-range goal of this agency should not be simply to give aspirins to publishers, but (among other things) to help see that more good Canadian

trade books appear and get widely read. The experience of the Canada Council is instructive here. Within its mandate, and responding with very sane ad-hoc measures to a situation which no one understood clearly, the Council has done an exemplary job. But it is doing that job within an overall situation which makes many of its efforts seem futile.

On the one hand, creative trade publishing is done in Canada by a handful of houses which tend to be poverty-stricken to the extent that they take their responsibilities to the literate public seriously. The Council is performing band-aid work by making book-by-book subsidies, while many of these houses are close to extinction because of their larger financial dilemmas. ✓

On the other hand, the firms that are making the big money by publishing in Canada are in almost all cases refusing to have anything to do with risky trade publishing, where their gross might be reduced from 6 or 8 million a year to 5.9 or 7.8 million.

That considered, it is no reflection on the Council's remarkably good execution of its job within the existing ground rules, to insist that those ground rules must be drastically changed. The change which has been recently urged — that grants to individual books that deserve to be published but which will not pay their way should be recalculated, so as to include much more of a publisher's overhead in the book budget — is important but still very inadequate. (It would, incidentally, raise the average grant for a book of fiction or poetry from \$500-700 to somewhere over \$2000).

Sales and promotion mechanisms for the houses that are doing well by trade books can certainly be strengthened. But in my view it would be a drastic mistake to insist that all these houses must pay their way by turning themselves into something they are not, don't want to be, and would likely both be bad at and lose their reason for existence in becoming: successful commercial houses that pay for the good books by doing mediocre books.

A Tax Mechanism

While I cannot sort out the details, I believe that a carrot-and-whip technique might work in wrestling with both the problems given above, and might be applied through taxing policy with publishers.

Such a policy would begin by establishing the proportion of total gross accounted for, in the case of each publishing house that operates in Canada, by original Canadian trade publications. According to the range into which that proportion fell — 0%, 1-10%, ... 90-99%, 100% — a different tax scale would be applied in calculating the company's tax payment.

While the idea is initially startling, it should be punitive in the lower ranges — raising the tax rate slightly higher than it would otherwise be — and should pass into payment of negative taxes (subsidy) in the upper ranges, if the publisher had lost money while publishing a basically Canadian list.

There are important refinements that would have to be worked out; one might calibrate the trade list and the textbook list for instance, though I believe that the general cultural needs of the country justify weighting the trade list more heavily than the text, since publishers (rightly or not) need no financial incentive to publish in the textbook field but frequently need it to do trade books. One would also have to face squarely the theoretical issue of an all-Canadian list which was both worthless and money-losing. I would, myself, make no distinction between Canadian-owned and foreign-

owned houses in applying this graduated-taxation plan.

The great benefit of this plan is that it would (a) encourage the McGraw-Hills and Random Houses to take their responsibility to the general Canadian reader seriously, and (b) allow for support of houses committed to Canadian writing and reading, without suffocating under a flood of individual manuscripts to be assessed (which, I predict, are going to bring the writing division of the Council to near-impasse within three years if Canadian publishing survives).

Interest Rates on Loans

Examining the tables on pages 33 and 74 of Ernst and Ernst, it is clear that many publishers — probably the great majority of those which publish Canadian — cannot afford current interest rates. It is possible that most Canadian-owned houses cannot really afford to pay interest at all, at least not until they have had the chance to put new loan capital to work for a year or two.

The problem is to meet two criteria: if a loan is made to a good publisher, it should not cripple him with interest; but if he does well, the public should get a fair return on its money. The problem is emphasized because we are probably talking about long-term loans, which normally have a fixed interest rate which would almost certainly produce one of the two inequities.

It might be reasonable to make loans interest-free during their first twelve months, and then to start interest at 3% and run it up $\frac{1}{2}\%$ per year thereafter till it reached 8%. An alternative would be to review an initially low rate every three years, on the basis of financial performance. In any case where this kind of treatment was being given to a publisher, he should have to demonstrate that there was good reason why he found the higher rates impossible to carry.

Financial Records

Many of the remaining Canadian-owned houses are new and small, and in some cases they are extremely informal. It is important to see this as neither noble nor heinous in principle, but simply the way things are.

Most of the new houses do not have adequate financial records going back to their inception, and a few will never be able to produce audited books. Without accepting dishonesty or sheer muddle-headedness, the financial officers of this agency should be prepared to accept that financial responsibility in a small house may consist of being willing to work for \$40 a week and subsidize important books that way, rather than having the skill and patience to set up a good book-keeping system and run it. On the recommendation of a qualified body, such as the Canada Council, allowance should be made for these things in assessing the financial records of certain houses.

Who Runs It?

One of the 664 questions is how you set this agency up. My first conviction is that when alternatives have been roughed out by the government, they should sit down and listen to the comments of publishers on each one, and then make up their mind. Not knowing all the legal possibilities, it is difficult to see the various ramifications — which are probably more important to most

publishers than are questions of principle about crown corporation vs. new government agency vs. existing government agency.

My remaining strong conviction is that where qualitative assessment of publishers or individual projects or books is called for, I feel much more confidence in the ability of the Canada Council to make sane decisions than I do in the ability of financial officers brought over from the department of national revenue. The Council might have to accept a departure from its present commitment to scrutinizing everything in advance, since that makes any long-range budget or funding impossible. If it would accept that, it should be decision-maker or advisor on qualitative judgments.

One possible structure would be to set up a publishing development corporation funded independently, and create an overlapping decision-making structure with the Council. In theory, decisions in general use (1) could be made with no more than formal notice to the Council, whereas decisions in general uses (2) and (3) would call for voting participation from Council representatives.

Forgivable Loans

This section is out of order; it should have appeared ~~on~~ on page 2 or 3.

There has been some talk of 'forgivable loans' among publishers, usually without understanding just what they meant. As I understand it, a forgivable loan is a loan made by a Canadian government to an American branch-plant; if the company succeeds in creating a specified number of new jobs in the area it is locating in, part or all of the loan is forgotten.

This notion has basically no application to Canadian publishing.

However, some comparable principle is needed to implement general use (2); indeed, that usage simply consists of enunciating the principle that some of the money advanced need not be returned if the project is good but doesn't recoup its expenses.

The model called for is more like that used by the CFDC, which 'invests' in individual films on the basis of how much skin they promise to show, and recoups its investment in the same way as any investor does. It might get back nothing on the dollar in some cases, 50¢ or \$1.00 on the dollar in others, and — if it is mandated this way — \$1.50 on the dollar in still others.

The agency we are discussing should be mandated then to make high-risk investments in Canadian publishing and related fields, with the discretion to ask: a) is it a sound investment? b) can the people do what they say they can? c) if they do, will the result be to strengthen Canadian publishing and/or improve the cultural climate in Canada? d) is the project in any case a worthwhile one?

By breaking down investment into uses (1), (2) and (3), we would be allowing the agency to invest certain proportions of its funds without having to have affirmative answers to all four questions.

CANADIAN PUBLISHING IN 1969

Using the Ernst & Ernst report and the "Letters in Canada" section of the University of Toronto Quarterly (July, 1970), it is possible to make some very rough comparisons between the gross of Canadian publishers in 1969 and their trade publishing in the same year. The figures are not precise, but they are interesting.

Gross among Publishers in English Canada

In 1969, an "estimated \$222.0 million of books (at publishers' sales value) were consumed by Canadians." (Ernst & Ernst, p. 1) Of this total, \$192 million was accounted for by English-Canadian publishers. (18)

One of the most infuriating things in this generally infuriating report is that it makes it impossible — so far as I can understand it — to establish who grossed what. The figures I adopt here come from this statement: "If pure publishing activity is considered the Canadian, United States, United Kingdom ratio is calculated to be 19-59-22. Over 80% of publishing done in (English) Canada is done by foreign controlled firms." (36) While I enjoy the enigmatic reference to pure publishing activity, I suspect that this does not mean that Canadian-owned firms grossed 19% of the total; and it most certainly does not mean that Canadian-owned firms with even a minimal record of publishing Canadian books grossed 19%. (Many agencies which do nothing but import foreign books are owned in Canada.)

However, let us pretend that Canadian-owned houses grossed 19% of the \$192 million in English Canada. We arrive at these figures:

	Dollar gross	Per cent
American-owned firms	\$113,280,000	59%
British-owned firms	\$ 42,240,000	22%
Canadian-owned firms	\$ 36,480,000	19%

(Working out these figures at Anansi, we were delighted to discover that our 1969 gross of \$34,000 represented .018% of the total.)

Trade Publishing in English Canada

To assess the degree of responsibility shown by houses owned in various countries, we broke down the books of fiction and books of poetry listed in the UTQ as having appeared in 1969. These figures are not entirely trustworthy; we found that three of our own poetry books were omitted, for example. Since the omissions are most likely to be from the lists of small publishers, all of which are Canadian, the Canadian percentages are in fact higher than shown here, and the foreign-owned lower. But this table uses the UTQ data unemended.

Where the second breakdown is given in each category, it merely selects highlights; percentiles do not total 100.

New English-Canadian Fiction Titles Published in 1969

23 new titles were published in 1969.

	Number of titles	% of all titles	% of 1969 gross
American owned houses	0	0	59%
British owned houses	3	13%	22%
Canadian owned houses	20	87%	19%

Breakdown

American	0	0	59%
Macmillan	3	13%	
All other British	0	0	
Anansi	7	29%	.018%
McClelland & Stewart	6	25%	
Clarke Irwin	4	16%	

New English-Canadian Poetry Titles Published in 1969

44 new titles are listed; they include both chap-books and full-length books.

American owned houses	1*	2%	59%
British owned houses	4	9%	22%
Canadian owned houses	39	88%	19%

Breakdown

American-owned houses	1*	2%	59%
Macmillan	2	4.5%	
Oxford	2	4.5%	
All other British	0	0	
McClelland & Stewart	6	14%	
All new or 'independent'	23	52%	
Canadian presses			

* This title was apparently released by a vanity press in New York.

While I stopped after tabulating the books in the first two sections of the UPQ, it is probable that the percentiles for foreign-owned houses would be higher in some other areas of trade publishing.

A Mini Ernst & Ernst

It would be worthwhile to undertake a report on Canadian publishing. In the absence of such a report, a few random statistics on the trade field might be interesting.

There were 23 new fiction titles published in English Canada in 1969. In the same year, according to research done at new press, there were 600 new fiction titles published in Britain and 1000 in the United States.

Our English-speaking population is roughly one-third that of Britain, and roughly one-fourteenth that of the States. Using these criteria, we should have originated over 70 new titles to keep up with the States, and some 200 to keep up with Britain. Since most of them would have been junk, I'm just as glad we didn't. But surely there is a median between decent reticence and colonial taciturnity. And the problem, as any press which publishes fiction should be able to attest, is not the absence of interesting fiction manuscripts.

Interestingly enough, the sales of an original Canadian book in its first edition run somewhere between 50% and 80% of what a comparable book might sell in either of the other major English-speaking countries. Canadian figures in most cases run between 1000 and (say) 4000, as compared with a mean range between 1500 and 6000.

These are rough figures. But they mean that while we publish a disproportionately ~~xxxxx~~ low number of new trade books, Canadian readers buy a disproportionately high number of copies of each book. Considering the relative populations, the figures are quite astonishing. They could be explained by the incredible literacy of Canadians, or by the smaller number of indigenous titles available. Using no figures whatsoever, I tend to explain them on the theory that writer-reader relationships reach a kind of critical mass which is more or less constant from country to country. (This critical-mass theory deals only with the production of ongoing new work. It is clear that a people's literature affects it greatly over a period of decades, because of inclusion in school anthologies, increasing publicity as a writer matures, library borrowings, etc.)

The reason Canadian trade publishers have difficulties does not relate so much, then, to having a lower initial readership than in other countries. It is partly a matter of the costs of distributing and promoting books in this insane country. It is partly because trade publishing has to be supported elsewhere for most publishers in most countries, and in Canada the two traditional supports — textbooks and imported books — have recently gone haywire.

But it is also a matter of Canadian books seldom going beyond sales of 5000; two or three books a year taking off (in cloth) into the 50-60,000 bracket will support a lot of other trade books in America or England. It would here too, but the media which promote sales of that kind are mostly full of American books.

It is also because of the Canadian publisher's impotence when it comes to subsidiary rights. Most American cloth trade books are published on the gamble that a few of them will sell well in paperback, and/or make it to the movies. Because we have virtually no access to our own paperback racks, and because we have only a fledgling feature film industry, most Canadian trade books

never emerge into the subsidiary lucre that their counterparts elsewhere have at least a distant chance of reaching. That affects the economics of Canadian trade publishing dramatically.

It would be easy to call for a fiat, "Let there be movies, let there be paperbacks." But the thing isn't easy. One of the first responsibilities of a publishing development corporation should be to investigate the paperback situation. Conceivably a quota system comparable to the CRTC's should be introduced for our paperback racks. But the issue is a problematic one; without access to the American racks we may never reach the economies of scale (given the enormous wastage involved) that make the thing feasible. And the movie situation, while perhaps more hopeful in the long run, cannot be legislated into co-operation.

Other Action to Take

1. The first priority on public money has to be for operating capital for good Canadian houses that are close to the brink.

As soon as that is done, a PDC should also look seriously at the possibility of a national review of books. It could change the reading mentality of the country (though one should note the significant changes in policy at the Toronto Star and Montreal Star, and to a degree at the Globe and Mail and Maclean's, where indigenous books are at last getting rational amounts of review space).

A PDC should know that two interesting projects are underway. In Toronto, a group that includes Val Clery, Jack Jensen, Randy Ware, Doug Marshall and Marylou Toms is well on with the project of a national book review, to appear once a month in ~~peak~~ off-seasons and twice a month in peak seasons. The first issue is scheduled for July, to enable them to get the kinks worked out before the fall lists arrive. The review aims first at a popular market, presenting Canadian books impartially but probably not in great critical depth to a wide literate readership. It could be of enormous importance to Canadian books.

The second proposal, which is less advanced so far, is by David Helwig, the poet, short-story writer and professor at Queen's University, Kingston. He is thinking, given the other proposal, of a more heavyweight and less topical periodical, to appear four or six times a year perhaps in tandem with Quarry. It takes only a little reflection to see that it would not overlap with any existing paper (it would be all reviews, all of contemporary books, and would allow for more length and more individuality than would the other).

These two proposals, if both came to fruition, could complement each other splendidly (and might even join forces eventually). Both are being contemplated by people prepared to dive in on their own; with both, a PDC should be prepared to ensure that the first year particularly kept them solvent if they did a good job.

2. Support to trade organisations. It goes without saying that the Conseil Supérieur du Livre should be supported. The existence of two trade organisations in English Canada raises something of a problem for a PDC (and for the Canada Council). Either group should feel free to support the Canadian Book Publishers' Council, if it can be convinced that they are using their money wisely in that way. (The 1969 figures raise some good questions.) There would be no justifiable reason for not supporting the new organisation thoroughly, however; its members have better records right across the board than all but a few members of the CBPC as Canadian publishers, and it

is already assured of greater co-operation from the Conseil Supérieur than the CBPC has achieved in its whole existence. The new outfit will have starting-up pains and expenses to which government bodies should be sympathetic. They should be particularly aware that the new group's ability to move beyond lobbying into trade co-operation in the interests of Canadian books will be governed almost entirely by its bank account.

3. Charitable incorporation. Some publishing houses might choose to incorporate as charitable or non-profit corporations, and their applications might well deserve to be taken seriously. If they were willing to forego future profits, and if they had no ideological difficulties with the idea, this would have the great advantage of enabling them to tap the private and corporate goodwill towards Canadian publishing (using tax-deduction slips as an incentive), which would in turn reduce the amount of capital a PDC was called upon for.

The government should declare whether such a form of incorporation would jeopardize investment or grants it is contemplating; and whether it would be willing to assist by speeding the consideration of such applications in Ottawa, in all but the substantial aspects of the application.

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House of Anansi

